REPORT

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA

JUNE 30, 2008

Release Date 2/4/09

STATE OF LOUISIANA

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA

JUNE 30, 2008

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 4
FINANCIAL STATEMENTS:	
Statement of Net Assets	5
Statement of Governmental Fund Revenues, Expenditures and Changes in the Fund Balance/ Statement of Activities	6
Notes to Financial Statements	7 – 16
REQUIRED SUPPLEMENTARY INFORMATION:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	17
Schedule of Funding Progress for Other Postemployment Benefit Plans	18
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Professional Services	19
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	20 - 21
SUMMARY SCHEDULE OF FINDINGS	22 - 23

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INDEPENDENT AUDITOR'S REPORT

December 19, 2008

Honorable Joel T. Chaisson II, Co-Chair
Honorable Jim Tucker, Co-Chair
Legislative Budgetary Control Council
State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Louisiana State Law Institute, State of Louisiana, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Louisiana State Law Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Louisiana State Law Institute, State of Louisiana, are intended to present the financial position and results of operations of only that portion of the financial reporting entity of the State of Louisiana.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Law Institute, State of Louisiana as of June 30, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated December 19, 2008, on our consideration of the Institute's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information on pages 3-4 and 17-18, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

As discussed in Note 9 to the financial statements the Institute adopted the provisions of the Governmental Accounting Standards Board Statement No. 45, *Postemployment Benefits Other Than Pension Benefits* as of July 1, 2007.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included on page 19 for the year ended June 30, 2008 is presented for purposes of additional analysis and is not a required part of the financial statements of the Institute. The supplementary information on page 19 has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Duplantier, Hrapmann, Hogan & Maher, LLP

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

This section of the Louisiana State Law Institute's annual financial report presents management's analysis of the Louisiana State Law Institute's financial performance for the year ended June 30, 2008. This analysis should be read in conjunction with the audited financial statements which follow this section.

FINANCIAL HIGHLIGHTS:

The Louisiana State Law Institute's net assets decreased by $153,153 during the year ended June 30, 2008 primarily caused by the implementation of GASB 45.

The general revenues of the Louisiana State Law Institute were $1,006,605. The total expenditures/expenses of the Louisiana State Law Institute were $1,119,277. The total other financing uses were $40,481.

OVERVIEW OF THE FINANCIAL STATEMENTS:

This report consists of three sections: Management's Discussion and Analysis, audited financial statements and supplementary information. The financial statements also include notes that provide additional detail of the information included in the financial statements.

BASIC FINANCIAL STATEMENTS:

This annual report consists of a series of financial statements, and supporting schedules, intended to present the user with two views of the Louisiana State Law Institute, one short-term, one long-term. The Statement of Net Assets (page 5) and Statement of Activities (page 6) start with a fund view of the Louisiana State Law Institute, which provides a short-term view of operations; this General Fund is adjusted to a long-term view, recording the effect of long-term obligations and capital assets.

A budget comparison of actual to the final budget is included as required supplemental information and is presented on page 17. The reporting perspective of the comparison is short-term, reflecting the Louisiana State Law Institute's stewardship with the annual, lapsing appropriation.

The following presents condensed financial information on the operations of the Louisiana State Law Institute:

SUMMARY OF NET ASSETS:

	Current Year As of and for the Year Ended June 30, 2008	Prior Year As of and for the Year Ended June 30, 2007
Current assets	$ 43,273	$ 12,384
Capital assets	34,431	38,338
Total assets	77,704	50,722
Current liabilities	72,106	37,045
Long-term liabilities	201,505	56,431
Total liabilities	273,611	93,476
Invested in capital assets	34,431	38,338
Unrestricted (deficit)	(230,338)	(81,092)
Total net assets (deficit)	$ (195,907)	$ (42,754)

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

SUMMARY OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN NET ASSETS:

	Current Year As of and for the Year Ended June 30, 2008	Prior Year As of and for the Year Ended June 30, 2007
General revenues:		
State appropriation	$ 1,006,605	$ 894,429
Total general revenues	1,006,605	894,429
Total revenues	1,006,605	894,429
Total expenditures/expenses	(1,119,277)	(898,713)
Total other financing sources (uses)	(40,481)	15,516
	$ (133,721)	$ 11,232

BUDGET ANALYSIS:

A comparison of budget to actual operations is a required supplemental statement and is presented in the accompanying supplementary information. Total expenditures for actual amounts on a GAAP basis were $130,972 over budgeted amounts. This resulted primarily from an increase in personnel services as a result of implementation of GASB 45. Expenditures for the year were restricted to the amounts appropriated by the Louisiana Legislature.

AUDITED FINANCIAL STATEMENTS:

Annually, the Louisiana State Law Institute is audited by a certified public accounting firm selected by the President of the Louisiana Senate and the Speaker of the House of Representatives. Copies of those audits are available for public inspection within the Legislative Auditor's office.

CONTACTING THE LOUISIANA STATE LAW INSTITUTE'S MANAGEMENT:

This audit report is designed to provide a general overview of the Institute and to demonstrate the Institute's accountability for its finances. If you have any questions about this report or need additional information, please contact Dr. William E. Crawford, Louisiana State Law Institute, Paul M. Hebert Law Center, Room W127, University Station, Baton Rouge, Louisiana 70803-1016.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2008

	General Fund	Adjustments*	Statement of Net Assets
ASSETS			
Cash in bank	$ 43,273	$ -	$ 43,273
Capital assets			
(net of allowance for depreciation)	-	34,431 (1)	34,431
TOTAL ASSETS	$ 43,273	34,431	77,704
LIABILITIES			
Accounts payable	2,792	-	2,792
Accrued salaries and related benefits	28,833	-	28,833
Due to state treasury	40,481	-	40,481
OPEB payable	-	141,778 (2)	141,778
Compensated absences	-	59,727 (3)	59,727
Total liabilities	72,106	201,505	273,611
FUND BALANCE/NET ASSETS			
Unreserved (deficit)	(28,833)	28,833	-
TOTAL LIABILITIES AND FUND BALANCE	$ 43,273		
NET ASSETS (DEFICIT)			
Invested in capital assets		34,431	34,431
Unrestricted (deficit)		(230,338)	(230,338)
TOTAL NET ASSETS (DEFICIT)		$ (195,907)	$ (195,907)

*Explanation

(1) Capital assets, net of the depreciation allowance, are recorded on the statement of net assets, but not within the fund statements of the General Fund.

(2) Long-term liabilities, such as other postemployment benefits payable, are recorded on the statement of net assets, but not within the fund statements of the General Fund.

(3) Long-term liabilities, such as compensated absences, are recorded on the statement of net assets, but not within the fund statements of the General Fund.

See accompanying notes.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN THE FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Adjustments*	Statement of Activities
EXPENDITURES/EXPENSES:			
Personnel services	$ 689,101	$ 145,074 (1)	$ 834,175
Travel	136,522	-	136,522
Operating services	19,047	-	19,047
Supplies	23,190	-	23,190
Professional services	83,300	-	83,300
Other fees and services	19,136	-	19,136
Depreciation	-	3,907 (2)	3,907
Total expenditures/expenses	970,296	148,981	1,119,277
GENERAL REVENUES:			
State appropriations	1,006,605	-	1,006,605
Excess of revenues over expenditures	36,309	-	-
OTHER FINANCING SOURCES (USES):			
Transfer from (to) the State Treasury, General Fund	(40,481)	-	(40,481)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(4,172)	4,172	-
Change in net assets	-	(153,153)	(153,153)
Fund Balance/Net Assets (Deficit):			
Beginning of Year	(24,661)	(18,093)	(42,754)
End of Year	$ (28,833)	$ (167,074)	$ (195,907)

*Explanation

(1) Increase in long term obligation for compensated absences and other postemployment benefits.

(2) Reclassify capital asset purchases and record depreciation.

See accompanying notes.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NATURE OF OPERATIONS:

The Louisiana State Law Institute, (the Institute) domiciled at the Law School of Louisiana State University, is chartered, created, and organized as an official advisory law revision commission, law reform agency and legal research agency of the State of Louisiana, and a part of the legislative branch of government. The Institute was created in accordance with Title 24: Chapter 4 of the Louisiana Revised Statutes of 1950.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Governmental accounting principles and practices are promulgated and established by the Governmental Accounting Standards Board (GASB). The GASB has issued a *Codification of Governmental Accounting and Financial Reporting Standards*. This codification and subsequent GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments. The accompanying financial statements have been prepared in accordance with such pronouncements.

In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* the Louisiana State Law Institute presents a Statement of Net Assets and Statement of Activities. These statements reflect entity-wide operations of the Institute.

Financial Reporting Entity:

Application of Section 2100 of the GASB Codification defines the governmental reporting entity (in relation to the Louisiana State Law Institute) to be the State of Louisiana. The accompanying financial statements of the Louisiana State Law Institute contain sub-account information of the General Fund of the State of Louisiana. Annually, the State of Louisiana issues general-purpose financial statements, which include the activity contained in the accompanying component unit financial statements.

Fund Accounting:

The Louisiana State Law Institute uses fund accounting (separate sets of self-balancing accounts) to reflect the sources and uses of available resources and the budgetary restrictions placed on those funds by the Louisiana Legislature. The fund presented in the accompanying financial statements, and as described below, comprises the General Fund of the Louisiana State Law Institute:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Accounting: (Continued)

Governmental Fund Type

General Fund. The General Fund is used to account for all of the Louisiana State Law Institute's general activities, including the acquisition of capital assets and accounting for long-term liabilities. It is used to account for all activities of the Institute.

Basis of Accounting:

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

In accordance with *Statement of Governmental Accounting Standard* 34, the Louisiana State Law Institute presents a Statement of Net Assets and Statement of Activities. These statements reflect entity-wide operations of the Louisiana State Law Institute. The Louisiana State Law Institute has no fiduciary funds or component units. The Louisiana State Law Institute has only a General Fund, supported by an appropriation from the State of Louisiana.

Within the accompanying statements, the General Fund column of the Statement of Net Assets and the Statement of Activities reports all activities of the Louisiana State Law Institute using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Management considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Using this methodology, the legislative appropriation is recorded during the year, and for the year, the appropriation is made. Expenditures are recorded when a liability is incurred, as in accrual accounting. However, compensated absences are recorded when paid.

The General Fund column is adjusted to create a Statement of Net Assets and Statement of Activities. Within this column, amounts are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Capital Assets:

The accompanying statements reflect furniture, fixtures, and equipment used by the Louisiana State Law Institute and funded by the legislative appropriation, in daily operations. Those assets are recorded at cost. Depreciation is charged to expense over the estimated useful lives of the assets and is determined using the straight-line method. Expenditures for maintenance and repairs, which do not materially extend the useful life of the asset, are charged to expense as incurred.

The accompanying statements do not include the value of land and buildings provided without cost to the Louisiana State Law Institute by the State of Louisiana. Those assets are recorded with the annual financial statements of the State of Louisiana.

Budgetary Practices:

The Louisiana State Law Institute is required to submit to the Legislative Budgetary Control Council an estimate of the financial requirements for the ensuing fiscal year. The General Fund appropriation is enacted into law by the Legislature and sent to the Governor for his signature. The Institute is authorized to transfer budget amounts between accounts in the General Fund. Revisions, which alter total appropriations, must be approved by the Legislature. The level of budgetary responsibility is by total appropriation. All annual appropriations lapse at fiscal year-end and require that all unexpended or unencumbered funds must be returned to the State General Fund.

Encumbrances:

Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance. Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated. Encumbrances are an allowable charge against the current-year appropriation. There were no encumbrances at year end.

Leave Benefits:

Accumulated unpaid annual, sick, and compensatory leaves are reported in the Statement of Net Assets and Statement of Activities within the accompanying financial statements. The Institute's employees accrue unlimited amounts of annual and sick leave at varying rates, as established by the Institute's personnel manual. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave are credited as earned service in computing retirement benefits.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Leave Benefits: (Continued)

Furthermore, employees earn compensatory leave for hours worked in excess of 40 hours per workweek. The compensatory leave may be used similarly to annual or sick leave. At June 30, 2008, annual leave of up to 300 hours, for which employees could be paid upon resignation or retirement, and compensatory leave, computed in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards* Section C60.105, total $59,727.

The following are the changes in compensated absences (general long-term obligation) during the year:

Balance, July 1, 2007	$ 56,431
Net Change	3,296
Balance, June 30, 2008	$ 59,727

Postretirement Benefits:

The Louisiana State Law Institute provides certain health care and life insurance benefits for retired employees. Substantially all of the Institute's employees may become eligible for those benefits if they reach normal retirement age while working for the Institute. These benefits for retirees and similar benefits for active employees are provided through the State's Group Benefit Program whose monthly premiums are paid jointly by the employee and the Institute. The costs of retiree health care and life insurance benefits are recognized as expenditures when paid. For the year ended June 30, 2008, benefits paid to retirees were $15,822. During the year ended June 30, 2008, the Louisiana State Law Institute, State of Louisiana, implemented Governmental Accounting Standards Board Statement No. 45 which requires recognition of postretirement benefit costs on the accrual basis in the Statement of Activities.

2. RETIREMENT SYSTEM:

Plan Description:

Substantially all employees of the Institute participate in the Louisiana State Employee's Retirement System (LASERS) or the Teacher's Retirement System of Louisiana (TRS), both of which are cost sharing, multiple-employer defined benefit pension plans administered by a separate Board of Trustees. These plans provide retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. Benefits of both plans are guaranteed by the State of Louisiana under provisions of the Louisiana constitution of 1974. LASERS and TRS issue publicly available financial reports that include financial statements and required supplementary information. The reports may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana, 70804-4213, or by calling (225) 922-0600; or by writing to Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana, 70804-9123, or by calling (225) 925-6446.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

2. RETIREMENT SYSTEM: (Continued)

Funding Policy:

Plan members of the Louisiana State Law Institute are required by state statute to contribute 7.5% and 8.0% of their annual covered salary to LASERS and TRS, respectively, and the Institute (as their employer) is required to contribute at an actuarially determined rate. The current employer rate is 20.4% and 16.6% of annual covered payroll for LASERS and TRS, respectively. The contribution requirements of plan members and the employer are established by, and amended by state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The State of Louisiana through the annual legislative appropriation funds the employer contribution. The Institute's employer contributions to LASERS and TRS for the years ended June 30, 2008, 2007 and 2006, which were equal to the required contributions for each year, were as follows:

June 30,	LASERS	TRS	Total
2008	$ 66,337	$ 10,342	$ 76,679
2007	54,620	9,182	63,802
2006	57,014	8,879	65,893

3. CAPITAL ASSETS:

The accompanying statements reflect furniture, fixtures, and equipment used by the Louisiana State Law Institute, and funded by the legislative appropriation, in daily operations. Those assets are recorded at cost. Furniture, fixtures, and equipment with acquisition costs of $1,000 or greater are capitalized and depreciated as follows:

Assets of $1,000 or Greater	Cost	Allowance for Depreciation	Net Value
Balance, July 1, 2007	$ 43,158	$ (4,820)	$ 38,338
Acquisitions	--	--	--
Deletions	--	--	--
Depreciation	--	(3,907)	(3,907)
Balance, June 30, 2008	$ 43,158	$ (8,727)	$ 34,431

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

3. CAPITAL ASSETS: (Continued)

The depreciable assets are depreciated using the straight-line method of allocating asset costs over the following useful lives.

Computer equipment	5 years
Office furniture and equipment	7 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

4. CASH IN BANK:

Under State law, the Louisiana State Law Institute may deposit funds in an approved bank located in the State. Federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these public deposits. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

At June 30, 2008, the carrying amount of the Louisiana State Law Institute's deposit was $43,273 and the bank balance was $62,854. The entire bank balance was covered by federal depository insurance.

5. LITIGATION, CLAIMS AND SIMILAR CONTINGENCIES:

Losses arising from litigation, claims, and similar contingencies are considered state liabilities and are paid by special appropriations made by the Louisiana Legislature. Any applicable litigation, claims and similar contingencies are not recognized in the accompanying financial statements.

6. OTHER COSTS:

The State of Louisiana, through other appropriations, provides office space, utilities and janitorial services for the office facilities, all of which are not included in the accompanying financial statements.

7. DUE TO OTHER GOVERNMENTAL UNITS:

Amounts due to other governmental units at June 30, 2008 consist of unexpended appropriations due the State Treasurer, State of Louisiana, in the amount of $40,481.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

8. USE OF ESTIMATES:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

9. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

The Louisiana State Law Institute offers its employees the opportunity to participate in a medical coverage plan. The offering is from the State Office of Group Benefits (OGB) which also offers a life insurance plan. During the year ended June 30, 2008, the Institute implemented Statement No.45 of the Governmental Accounting Standards Board (GASB) which promulgates the accounting and financial reporting requirement by employers that offer other postemployment benefits (OPEB) besides pensions. Both the medical coverage plan and the life insurance plan available are subject to the provisions of this Statement. It should be noted that Statement No. 45 is being implemented prospectively such that there is zero net OPEB obligation at transition. Therefore, prior year comparative data is not available. Information about these plans is presented below.

Plan Description

Louisiana State Law Institute's employees may participate in the State's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for the year ended June 30, 2008) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The contribution requirements of plan members and the Institute are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) plan and the Health

9. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Funding Policy (Continued)

Maintenance Organization (HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans which includes one HMO plan and one private fee-for-service (PFFS) plan. Depending upon the plan selected, during the year ended June 30, 2008, employee premiums for a single member receiving benefits range from $34 to $92 per month for retiree-only coverage with Medicare or from $126 to $170 per month for retiree-only coverage without Medicare. The premiums for the year ended June 30, 2008 for a retiree and spouse range from $69 to $165 per month for those with Medicare or from $408 to 493 per month for those without Medicare.

The plan is currently financed on a pay as you go basis, with the Institute contributing anywhere from $103 to $237 per month for retiree-only coverage with Medicare or from $809 to $842 per month for retiree-only coverage without Medicare during the year ended June 30, 2008. Also, the Institute's contributions range from $207 to $427 per month for retiree and spouse with Medicare or $1242 to $1293 for retiree and spouse without Medicare during the year ended June 30, 2008.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately $1 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at $50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

Annual OPEB Cost

The Institute's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2007 is $157,600 as set forth below:

Normal Cost	$ 62,600
30-year UAL amortization amount	88,938
Interest on the above	6,062
Annual required contribution (ARC)	$ 157,600

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

9. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Annual OPEB Cost (Continued)

The following table presents the Institute's OPEB obligation for the year ended June 30, 2008. The table shows the components of the plan's annual OPEB cost for the year ended June 30, 2008, the actual amount contributed to the plan and changes in the plan's net OPEB obligation to the retiree health plan:

Beginning Net OPEB Obligation July 1, 2007	$ --
Annual required contribution	157,600
Interest on Net OPEB Obligation	--
ARC Adjustment	--
OPEB Cost	157,600
Employer contributions	(15,822)
Change in Net OPEB Obligation	141,778
Ending Net OPEB Obligation June 30, 2008	$ 141,778

Utilizing the pay-as-you go method, the Institute contributed 10.04% of the annual post employment benefit cost during the year ended June 30, 2008.

Funded Status and Funding Progress

In the year ended June 30, 2008, the Institute made no contributions to the OGB postemployment benefits plan trust. During the year ended June 30, 2008, the OGB plan established a trust but it was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not established or funded, the entire actuarial accrued liability of $2,327,700 for the OGB plan was unfunded.

The funded status of the plan as determined by an actuary as of July 1, 2007, was as follows:

Actuarial accrued liability (AAL)	$ 2,327,700
Actuarial value of plan assets	--
Unfunded actuarial accrued liability (UAAL)	$ 2,327,700
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employee covered by the plan)	$ 521,410
UAAL as a percentage of covered payroll	446.42%

9. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The Institute's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2007 was thirty years.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts Original and Final	Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
REVENUES:				
State appropriations	$ 988,305	$ 1,006,605	$ -	$ 1,006,605
EXPENDITURES:				
Personnel services	689,407	689,101	145,074 (1)	834,175
Travel	143,277	136,522	-	136,522
Operating services	40,931	19,047	-	19,047
Supplies	8,000	23,190	-	23,190
Professional services	83,250	83,300	-	83,300
Other fees and services	23,440	19,136	-	19,136
Depreciation	-	-	3,907 (2)	3,907
Total expenditures	988,305	970,296	148,981	1,119,277
Excess (deficiency) of revenues over expenditures	-	36,309	(148,981)	(112,672)
OTHER FINANCING SOURCES (USES):				
Transfer from (to) the State Treasury, General Fund	-	(40,481)	-	(40,481)
Net change in fund balance	-	(4,172)	(148,981)	(153,153)
Fund balances - beginning	-	(24,661)	(18,093)	(42,754)
Fund balances - ending	$ -	$ (28,833)	$ (167,074)	$ (195,907)

Explanation of differences:

(1) Compensated absences and other postemployment benefits are budgeted on a modified accrual basis. Under generally accepted accounting principles these costs are recognized when the benefit is earned.

(2) Capital assets are recognized for budget purposes when purchased. Under generally accepted accounting principles, such capital assets are recognized as long-lived assets and depreciation is recognized over the the life of the assets, as well as any gain or loss on disposal.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS
FOR THE YEAR ENDED JUNE 30, 2008

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
Office of Group Benefits Plan	7/1/2007	$ -	$ 2,327,700	$ 2,327,700	0%	$ 521,410	446.42%

OTHER SUPPLEMENTARY INFORMATION

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROFESSIONAL SERVICES
JUNE 30, 2008

A. N. Yiannopoulos	$ 8,500
Saul Litvinoff	8,500
James A. Stuckey	5,500
Katherine S. Spaht	5,500
Thomas A. Harrell	2,750
Cynthia Samuel	2,550
Patrick H. Martin	4,250
Dane S. Ciolino	5,500
Kenneth Rigby	5,500
Lucy S. McGough	5,500
Cheney C. Joseph, Jr.	4,250
William R. Forrester, Jr.	5,500
James A. Gray, II	4,250
Max Nathan, Jr.	5,500
Judge Luke LaVergne	3,500
L. David Cromwell	6,250
	$ 83,300

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

December 19, 2008

Honorable Joel T. Chaisson II, Co-Chair
Honorable Jim Tucker, Co-Chair
Legislative Budgetary Control Council
State of Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana State Law Institute, State of Louisiana, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana State Law Institute's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana State Law Institute's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana State Law Institute's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects Louisiana State Law Institute's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of Louisiana State Law Institute's financial statements that is more than inconsequential will not be prevented or detected by Louisiana State Law Institute's internal control. We consider the deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency or combination of control deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Louisiana State Law Institute's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency 08-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana State Law Institute's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of Louisiana State Law Institute's management, the Legislative Auditor, and the Legislative Budgetary Control Council and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Louisiana State Law Institute for the year ended June 30, 2008 was unqualified.

2. *Internal Control*
   Material weaknesses: See current year finding 08-01 below.
   Significant deficiency: See current year finding 08-01 below.

3. Compliance and Other Matters
   Noncompliance material to financial statements: none noted.

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

08-01 Inadequate Segregation of Duties

Condition The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over the purchasing (invoice approval, processing and general ledger) and reporting (journal entry preparation, approval and recordation) cycles.

Criteria The processing of purchases and journal entries under the control of one person represents a failure to segregate the incompatible accounting activities.

Effect The effect is such that errors, either intentional or unintentional, in the processing of purchases and journal entries could occur and not be detected in a timely manner and in the ordinary course of operations.

Cause The size of the Institute and the limited number of employees do not permit an adequate segregation of incompatible duties.

Recommendation Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.

Auditee Response Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at this time.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

SUMMARY OF PRIOR YEAR FINDINGS:

07-01 Inadequate Segregation of Duties

Condition The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over the purchasing (invoice approval, processing and general ledger) and reporting (journal entry preparation, approval and recordation) cycles.

Criteria The processing of purchases and journal entries under the control of one person represents a failure to segregate the incompatible accounting activities.

Effect. The effect is such that errors, either intentional or unintentional, in the processing of purchases and journal entries could occur and not be detected in a timely manner and in the ordinary course of operations.

Cause. The size of the Institute and the limited number of employees do not permit an adequate segregation of incompatible duties.

Recommendation. Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.

Auditee Response. Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at this time.

This finding was repeated in the current year and is reported in Finding 08-01.